

Message Text

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SUBJECT: FINNISH COMMUNISTS MAY BE LEAVING MIETTUNEN GOVERNMENT SOON

REF: HELSINKI 2568

SUMMARY: FINNISH COMMUNISTS MAY BE LEAVING SOON THE FIVE-PARTY COALITION GOVERNMENT SET UP JUST THREE WEEKS AGO BY PRESIDENT KEKKONEN. OFFICIAL REASON FOR THIS WOULD BE DISAGREEMENT ON MINOR ISSUE OF HOW TO MAKE UP REVENUES NEEDED TO COMPENSATE FOR NOT IMPLEMENTING ONE PERCENT TURN-OVER TAX INCREASE PROPOSED IN BUDGET OF LIINAMAA EXPERT GOVERNMENT WHICH FELL NOVEMBER 30. COMMUNIST MINISTERS IN MIETTUNEN GOVERNMENT FIRST AGREED TO ONE-TIME AUTOMOBILE "USER" TAX AND TO CERTAIN INCREASES IN GASOLINE AND DIESEL TAXES ON DECEMBER 16, ONLY TO HAVE PARTY POLITBURO NEXT DAY DISAVOW THE AGREEMENT. MIETTUNEN, WITH SUPPORT OF THREE CENTRIST PARTIES AND SOCIAL DEMOCRATS, ON DECEMBER 18 GAVE COMMUNISTS A TAKE-IT-OR-LEAVE ULTIMATUM. MIETTUNEN IS CONSIDERED TO HAVE SPOKEN FOR KEKKONEN. COMMUNIST PARTY PARLIA-

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MENTARY GROUP DECEMBER 19 DECIDED TO CALL FOR FURTHER

NEGOTIATIONS ON BUDGET. MIETTUNEN HAS ANNOUNCED THAT HE WILL CONSIDER OVER CHRISTMAS HOLIDAYS WHETHER NEGOTIATIONS OF ANY USE. MIETTUNEN IS EXPECTED TO MAKE HIS DECISION BY DECEMBER 29. IT IS UNCLEAR WHETHER COMMUNIST ACTION RESULT OF SERIES OF ERRORS, "NOT REMEMBERING THAT THEY IN GOVERNMENT RATHER THAN OPPOSITION," OR COMBINATION OF MAJORITY FACTION PRESSING GOVERNMENT PARTNERS TO THE LIMIT OUT OF FEAR OF STALINIST FACTION GAINS AND/OR PRESSURE BY SOVIETS, AS WELL AS REALIZATION THAT THEY DID NOT REALLY WANT TO BE IN GOVERNMENT AT THIS TIME OF GREAT ECONOMIC DIFFICULTIES. SINCE MIETTUNEN GOVERNMENT REALLY CONSIDERED AS KEKKONEN GOVERNMENT, CONFRONTATION IN FACT BETWEEN KEKKONEN AND COMMUNISTS. IF ALL COMMUNIST MPS VOTE AGAINST BUDGET PROPOSAL COMING UP WITHIN NEXT TWO WEEKS IN PARLIAMENT, COMMUNISTS MAY BE ASKED TO LEAVE MIETTUNEN GOVERNMENT, MAKING IT THE SHORTEST-LIVED FINNISH GOVERNMENT EVER. WITHOUT COMMUNISTS, GOVERNMENT WOULD HAVE TO BE REORGANIZED, BUT DESPITE DIFFICULTIES IN DOING THIS QUICKLY, END RESULT WOULD BE GOVERNMENT WHICH MORE VIABLE AND CAPABLE OF ACTION. END SUMMARY.

1. ON DECEMBER 19 COMMUNIST-FROM PEOPLE'S DEMOCRATIC LEAGUE (SKDL) PARLIAMENTARY GROUP DECIDED TO CALL FOR FURTHER NEGOTIATIONS ON BUDGET, AS A MEANS OF SOLVING IMPASSE CREATED DURING PRECEDING DAYS WHEN FCP POLITBURO DISAVOWED COMMUNIST MINISTERS IN MIETTUNEN GOVERNMENT ON UNANIMOUSLY REACHED BUDGET AGREEMENT. PRIME MINISTER MIETTUNEN HAS ANNOUNCED THAT HE WILL CONSIDER OVER CHRISTMAS HOLIDAYS WHETHER NEGOTIATIONS OF ANY USE, AND WILL MAKE HIS DECISION BY DECEMBER 29.

2. COMMUNIST ACTION CAME JUST THREE WEEKS AFTER FIVE-PARTY COALITION GOVERNMENT SET UP BY PRESIDENT KEKKONEN ON BASIS OF "NATIONAL EMERGENCY" AND FOR PURPOSE OF COMBATTING UNEMPLOYMENT. IF ALL COMMUNIST MPS VOTE AGAINST BUDGET PROPOSAL AT END OF DECEMBER OR BEGINNING OF JANUARY, COMMUNISTS MAY BE ASKED TO LEAVE MIETTUNEN GOVERNMENT - WHICH IN THAT CASE WOULD BECOME SHORTEST-LIVED FINNISH GOVERNMENT EVER, BUT COULD CONTINUE AS LIMITED OFFICIAL USE

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FOUR-PARTY COALITION WITHOUT COMMUNISTS.

3. OFFICIAL REASON FOR COMMUNIST ACTION IS MINOR ISSUE OF HOW TO MAKE UP REVENUES NEEDED TO COMPENSATE FOR NOT IMPLEMENTING ONE PERCENT TURN-OVER TAX INCREASE. TURN-OVER TAX INCREASE HAD BEEN IN LIINAMAA GOVERNMENT BUDGET PROPOSAL AND WOULD HAVE BROUGHT IN SIX HUNDRED MILLION MARKS IN REVENUE. COMMUNISTS FIRST DEMENDED

THAT HTIS ITEM BE REMOVED FROM BUDGET PROPOSAL AND WERE SUCCESSFUL IN FORCING THIER GOVERNMENT PARTNERS TO ACCEPT THEIR DEMAND. WHEN MIETTUNEN GOVERNMENT DECEMBER 16 AGREED ON WAYS TO MAKE UP LOSS OF REVENUE, ALL FOUR COMMUNIST PARTY POLITBURO DISAVOWED ITS MINISTERS AND SAID IT COULD NOT ACCEPT PROPOSED INCREASES IN TAXES ON JASOLINE (10 PENNIES), DIESEL OIL(5 PENNIES),AND ONE-TIME AUTOMOBILE "USER-TAX" AMOUNTING TO BETWEEN 100-300 FMK PER CAR. THESE WOULD HAVE BROUGHT IN 350 MILLION MARKS, WITH OTHER 250 MILLION TO BE MADE UP OF DECREASES IN INCOME TAX REDUCTIONS PROPOSED BY LIINAMAA GOVERNMENT.

4. PRIME MINISTER MIETTUNEN, WITH SUPPORT OF THREE CENTRIS PARTIES (CENTER, SWEDES, LIBERALS) AND SOCIAL DEMOCRATS, HAS TAKEN A VERY TOUGH ATTITUDE. MIETTUNEN TOLD COMMUNISTS THAT WHAT IS UNANIMOUSLY AGREED UPON IN THE GOVERNMENT AND PUBLICLY ANNOUNCED CANNOT LATER BE REPUDIATED BY THE PARTY, AND ON DECEMBER 18 IN FACT GAVE COMMUNISTS A TAKE-IT-OR-LEAVE-IT ULTIMATUM. MIETTUNEN IS CONSIDERED TO HAVE SPOKEN FOR AND WITH EXPRESS APPROVAL OF PRESIDENT KEKKONEN. SINCE MIETTUNEN GOVERNMENT IS REALLY CONSIDERED A KEKKONEN GOVERNMENT, CONGRONTATION IN FACT HAS BEEN BETWEEN KEKKONEN AND COMMUNISTS.

5. COMMENT:IT STILL UNCLEAR WHAT REAL REASON FOR COMMUNIST ACTION IS. ONE THEORY IS THAT IT RESULT OF SERIES OF ERRORS, LACK OF COMMUNICATION BETWEEN COMMUNIST MINISTERS AND PARTY, OR SITUATION WHERE COMMUNISTS NOT YET ABLE TO CCOMPREHEND THAT THEY ARE "IN GOVERNMENT RATHER THAN OPPOSITION." MORE LIKELY, HOWEVER, IS THAT COMMUNIST PARTY MAJORITY FACTION (FROM WHICH ITS MINISTERS COME) TAKE TOUGH LINE OF PRESSING GOVERNMENT LIMITED OFFICIAL USE

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PARTNERS TO THE LIMIT OUT OF FEAR THAT STALINIST FACTION, WHICH OPPOSED TO COMMUNIST GOVERNMENT PARTICIPATION AND IN FACT IN OUTRIGHT OPPOSITION IN PARLIAMENT, WOULD OTHERWISE MAKE TOO MANY GAINS IN INTERNAL PARTY POWER STRUGGLE. IT IS ALSO QUITE POSSIBLE THAT SOVIET DISSATISFACTION WITH COMMUNIST PARTY GOVERNMENT PARTICIPATION, BECAUSE IT TENDS TO REINFORCE OR DEEPEN PRESENT SERIOUS SPLIT IN PARTY, MAY HAVE BEEN A MAJOR FACTOR. NOT TO BE RULED OUT IS POSSIBILITY THAT MAJORITY FACTION COMMUNISTS HAVE DECIDED THAT PARTICIPATION IN GOVERNMENT DURING THESE TIMES OF GREAT ECONOMIC DIFFICULTIES NOT IN THEIR INTEREST AND THAT THEY HAVE THEREFORE SOUGHT TO FORCE SITUATION WHERE THEY COULD WITHDRAW WHILE STILL MAKING POLITICAL POINTS IN THE PROCESS. RELATED TO THIS IS FACT THAT COMMUNISTS INCREASED THEIR DEMANDS TO INCLUDE CLARI-

FICATION OF CONTENT OF SUPPLEMENTARY BUDGET EXPECTED IN MARCH
FOR PURPOSE OF ASSURING EMPLOYMENT. WITHOUT COMMUNISTS,
GOVERNMENT WOULD HAVE TO BE REORGANIZED. THERE WOULD BE SOME
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GOVERNMENT WHICH MORE VIABLE AND LESS HAMPERED BY INTERNAL
DISAGREEMENTS.
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